



Twelve Dollars or \$450,000?

Posted by **Pierluigi Oliverio** on Monday, May 26, 2008

City Hall Diary

Last week, the council spent 90 minutes deliberating the sale of a 0.19 acre parcel of surplus downtown property for \$450,000. The current tenants, the Arab American Community Center and the Indochinese Refugee Center, are nonprofits who pay \$12 a year in rent (month to month) on an expired lease. They were notified in January 2006 about the city's plans to sell the property.

The city is selling the property "as-is" and the new buyer is paying for all closing costs. The buyer offered \$85 per square foot, even though surrounding parcels are appraised at \$70 per square foot, and has even offered to give the nonprofits \$20,000 each to help with moving expenses.

During December 2007, when the outreach for the 2008-2009 budget started, the city polled San Jose residents and asked them a variety of questions regarding the budget. The top response from those polled was that residents wanted the city to maximize its assets, such as selling surplus land.

The math seems pretty simple to me regarding this parcel: \$450,000 vs. \$12. Perhaps my calculator is not working correctly, but I think \$450,000 will go much farther in keeping city employees employed and providing some street maintenance than the current \$12 can.

When the issue of selling surplus property first came to the council late last year, I had concerns. I wanted to make sure that we did not sell land that the city might need in the future for a firehouse or park. I also wanted to make sure that we were getting fair market value. In the end, the council voted to sell the land and the new owner has even offered to allow the nonprofits to stay until the end of they year.

The council spent a lot of time questioning if the city was being fair to the nonprofits. My answer to that is: YES, we have been very fair.

Allowing nonprofits to have building space for \$12 a year is very fair indeed.

However, while on the dais, I couldn't help but think about all the other deserving nonprofits. Should the council favor certain ethnic nonprofits over ones that help troubled youth and/or seniors? Do the residents of San Jose (those folks the city council represents) want the council to provide land at well below market value to nonprofits? Or, do the residents want to make sure the city is paid fair value for land it sells? Should the council "fill up" the Old City Hall with nonprofits and never maximize the value of the land?

Perhaps the City of San Jose should place the Old City Hall, Hayes Mansion, Rancho del Pueblo and Los Lagos golf courses on the ballot for November 2008 as an "advisory vote" which would allow ALL voters in San Jose, not just special interest groups, to provide direction for the council regarding real estate matters.

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